

AMENDED IN SENATE JANUARY 16, 2004

AMENDED IN SENATE JUNE 4, 2003

## SENATE BILL

**No. 753**

**Introduced by Senator Alpert**

February 21, 2003

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~~An act to amend Sections 8169.6, 14669.15, 14669.16, and 14957 of the Government Code, relating to public works projects~~ *An act relating to state claims*, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

### LEGISLATIVE COUNSEL'S DIGEST

SB 753, as amended, Alpert. ~~Public works projects: state~~ *State claims.*

*Existing law requires the California Victim Compensation and Government Claims Board to report to the Legislature when there is no sufficient appropriation available for the payment of a claim against the state allowed by the board.*

*This bill would appropriate \$1,000,000 from the General Fund to the executive officer of the California Victim Compensation and Government Claims Board to pay claims accepted by the board.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~(1) The State Building Construction Act of 1955 authorizes the State Public Works Board to acquire or construct public buildings and to issue revenue bonds, negotiable notes, and negotiable bond anticipation notes to finance that construction. That act also permits the leasing of these public buildings by the board to the Department of General Services or any other state agency approved by the department.~~

~~Existing law authorizes the Director of General Services to purchase, exchange, or otherwise acquire real property and construct facilities within the jurisdiction of the Capitol Area Plan for a project consisting of approximately 1,400,000 gross square feet of office space on specified state-owned land with the authorized costs of the facilities not to exceed \$391,000,000.~~

~~This bill would revise various provisions related to this project, including requiring the Department of General Services, in the event the bonds authorized for the project are not sold, to commit a sufficient amount of its support budget to repay any outstanding loans. The bill would specify that the authorized costs of the facilities include the costs of planning and concept drawings. The bill would authorize and direct the department to execute and deliver any and all leases, contracts, agreements, or other documents to consummate the sale of the bonds or otherwise effectuate the financing of the project.~~

~~(2) Existing law authorizes the Director of General Services to enter into one or more agreements to acquire, construct, purchase, lease, lease-purchase, lease-purchase finance, or lease with an option to purchase, with an initial option purchase price that exceeds \$2,000,000, for the purpose of providing approximately 226,100 net usable square feet of office and related space and 136,000 net usable square feet of parking in a suburban location in the San Diego region. Existing law also authorizes the Director of General Services to enter into a joint powers agreement with the City of San Diego in connection with the development of approximately 241,000 net usable square feet of new state-owned office space and related facilities at a designated location in San Diego and provides that the authorized costs of the facilities may not exceed \$81,000,000. Existing law authorizes the director to sell, lease, or exchange, based on current market value, the existing state office and parking facilities located in the City of San Diego and requires the net proceeds from these transactions be applied toward any obligation undertaken by the director in securing consolidated facilities for the development of new state-owned office space and related facilities in San Diego described above.~~

~~This bill would delete the authority of the director to sell, lease, or exchange the existing state office and parking facilities located in the City of San Diego.~~

~~The bill would also delete the authority of the director to enter into a joint powers agreement with the City of San Diego for the development of approximately 241,000 net usable square feet of new~~

~~state-owned office space and related facilities described above and, instead, would authorize the director to develop these facilities, including the deconstruction of these facilities. The bill would authorize the State Public Works Board to issue revenue bonds, negotiable notes, or negotiable bond anticipation notes to finance the acquisition of the facilities authorized by the bill. The bill would authorize the State Public Works Board to borrow funds for project costs from the Pooled Money Investment Account, a continuously appropriated fund, or any other lawfully available source. The bill would provide that the authorized costs of the facilities, including land acquisition, preliminary plans, working drawings, and construction may not exceed \$96,000,000.~~

~~The bill would authorize the director to form a voluntary design advisory committee composed of representatives designated by the City of San Diego and any other individuals designated by the director and would require the director to define the functions of the design advisory committee.~~

~~(3) Existing law continues in existence the Division of Architecture Revolving Fund and renames that fund the Architecture Revolving Fund. Existing law also provides that money transferred or deposited into the fund is available for expenditure by the Department of General Services for the purposes for which it is appropriated, contributed, or made available, without regard to fiscal years, with respect to the construction, alteration, repair, and improvement of state buildings.~~

~~This bill would expressly provide that moneys in the fund are continuously appropriated without regard to fiscal years.~~

~~(4) This bill would declare that it is to take effect immediately as an urgency statute.~~

~~Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.~~

*The people of the State of California do enact as follows:*

- 1 ~~SECTION 1. — Section 8169.6 of the Government Code is~~
- 2 *SECTION 1. The sum of one million dollars (\$1,000,000) is*
- 3 *hereby appropriated from the General Fund to the executive*
- 4 *officer of the California Victim Compensation and Government*
- 5 *Claims Board for the payment of claims accepted by the board.*
- 6 *SEC. 2. This act is an urgency statute necessary for the*
- 7 *immediate preservation of the public peace, health, or safety*



1 *within the meaning of Article IV of the Constitution and shall go*  
2 *into immediate effect. The facts constituting the necessity are:*

3 *In order to pay claims against the state and end hardship to*  
4 *claimants as quickly as possible, it is necessary for this act to take*  
5 *effect immediately.*

6 ~~amended to read:~~

7 ~~8169.6. (a) In furtherance of the Capitol Area Plan, the~~  
8 ~~objectives of Resolution Chapter 131 of the Statutes of 1991, and~~  
9 ~~the legislative findings and declarations contained in Chapter 193~~  
10 ~~of the Statutes of 1996, relative to the findings by the Urban Land~~  
11 ~~Institute, the director may purchase, exchange, or otherwise~~  
12 ~~acquire real property and construct facilities, including any~~  
13 ~~improvements, betterments, and related facilities, within the~~  
14 ~~jurisdiction of the Capitol Area Plan in the City of Sacramento~~  
15 ~~pursuant to this section. The total authorized scope of the project~~  
16 ~~shall consist of approximately 1,400,000 gross square feet of~~  
17 ~~office space on state-owned land in the Capitol area in downtown~~  
18 ~~Sacramento on Block 204 (bounded by 7th, 8th, O, and P Streets)~~  
19 ~~or Block 203 (bounded by 7th, 8th, N, and O Streets, or both of~~  
20 ~~those blocks). The project will include associated parking onsite~~  
21 ~~and in a parking garage to be constructed on Block 266 (bounded~~  
22 ~~by 8th, 9th, Q, and R Streets). The project cost shall include the~~  
23 ~~cost of rehabilitation of the Heilbron House currently located on~~  
24 ~~Block 204, and the project cost may include the cost of relocation~~  
25 ~~of the Heilbron House.~~

26 ~~(b) (1) The department may contract for the lease,~~  
27 ~~lease-purchase, lease with an option to purchase, acquisition,~~  
28 ~~design, design-build, construction, construction management, and~~  
29 ~~other services related to the design and construction of the office~~  
30 ~~and parking facilities. If the director selects design-build as the~~  
31 ~~method of delivery, the department shall use the method of~~  
32 ~~design-build authorized by clause (i) of subparagraph (A) of~~  
33 ~~paragraph (3) of subdivision (d) of Section 14661. The State~~  
34 ~~Public Works Board may issue revenue bonds, negotiable notes,~~  
35 ~~or negotiable bond anticipation notes pursuant to the State~~  
36 ~~Building Construction Act of 1955 (Part 10b (commencing with~~  
37 ~~Section 15800) of Division 3) to finance all costs associated with~~  
38 ~~the acquisition, design, and construction of office and parking~~  
39 ~~facilities for the purposes of this section. The State Public Works~~  
40 ~~Board and the department may borrow funds for project costs from~~

1 the Pooled Money Investment Account pursuant to Sections  
2 16312 and 16313. In the event the bonds authorized by the project  
3 are not sold, the Department of General Services shall commit a  
4 sufficient amount of its support budget to repay any outstanding  
5 loans. It is the intent of the Legislature that this commitment shall  
6 be included in future Budget Acts until all outstanding loans are  
7 repaid either through the proceeds from the sale of bonds or from  
8 an appropriation.

9 (2) The amount of revenue bonds, negotiable notes, or  
10 negotiable bond anticipation notes to be sold may equal, but shall  
11 not exceed, the cost of land, planning, preliminary plans, working  
12 drawings or concept drawings, performance criteria, construction,  
13 furnishings, equipment, construction management and  
14 supervision, other costs relating to the design and construction of  
15 the facilities, exercising any purchase option, and any additional  
16 sums necessary to pay interim and permanent financing costs. The  
17 additional amount may include interest and the establishment of  
18 a reasonable construction reserve fund to ensure that the funds are  
19 available in the event future augmentations are needed to complete  
20 the facilities authorized by this section. In the event the  
21 construction reserve funds are not needed to complete  
22 construction, they shall be used to repay the future debt payments.

23 (3) Authorized costs of the facilities for planning, concept  
24 drawings or preliminary plans, working drawings, demolition,  
25 construction, and other costs shall not exceed three hundred  
26 ninety one million dollars (\$391,000,000). Notwithstanding  
27 Section 13332.11, the State Public Works Board may authorize the  
28 augmentation of the amount authorized under this paragraph by up  
29 to 10 percent of the amount authorized.

30 (4) The net present value of the cost to acquire and operate the  
31 facilities authorized by subdivision (a) may not exceed the net  
32 present value of the cost to lease and operate an equivalent amount  
33 of comparable consolidated office space over the same time  
34 period. The department shall perform this analysis and shall obtain  
35 interest rates, discount rates, and Consumer Price Index figures  
36 from the Treasurer. For purposes of this analysis, the department  
37 shall compare the cost of acquiring and operating the proposed  
38 facilities with the avoided cost of leasing and operating an  
39 equivalent amount of comparable consolidated office space that  
40 would no longer need to be leased.

~~(5) The department is authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the project described in this section.~~

~~(6) The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3). This paragraph does not exempt the department from the requirements of the California Environmental Quality Act. This paragraph is declarative of existing law.~~

~~SEC. 2. Section 14669.15 of the Government Code is amended to read:~~

~~14669.15. (a) (1) The Director of General Services may enter into one or more agreements to acquire, construct, purchase, lease, lease purchase, lease purchase finance, or lease with an option to purchase, with an initial option purchase price that exceeds two million dollars (\$2,000,000), for the purpose of providing approximately 226,100 net usable square feet of office and related space and 136,000 net usable square feet of parking in a suburban location in the San Diego region.~~

~~(2) In connection with the selection and acquisition of a lease, lease purchase, lease purchase finance, or lease with an option to purchase, which shall be collectively referred to for purposes of this section as a "lease" or "leases," the department shall advertise and award the lease or leases in accordance with subdivision (b) of Section 14669 to the lowest responsible bidder offering to provide a building that meets the state's requirements.~~

~~(b) (1) The State Public Works Board may issue revenue bonds, negotiable notes, or negotiable bond anticipation notes pursuant to the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800)) to finance the acquisition of the facilities authorized in subdivision (a). The board may borrow funds for project costs from the Pooled Money Investment Account pursuant to Sections 16312 and 16313. In the event the bonds authorized for the projects are not sold, the Department of General Services shall adjust the Building Rental Account of the~~

~~Service Revolving Fund by an amount sufficient to repay any loans made by the Pooled Money Investment Account. It is the intent of the Legislature that this commitment be included in future Budget Acts until outstanding loans from the Pooled Money Investment Account are repaid either through the sale of bonds or from an appropriation.~~

~~(2) The amount of revenue bonds, negotiable notes, or negotiable bond anticipation notes to be sold shall equal the cost of acquisition, including land, construction, furnishings and equipment, preliminary plans and working drawings, construction management and supervision, and other costs relating to the design and construction of the facilities, exercising any purchase option, and any additional sums necessary to pay interim and permanent financing costs and costs to issue these bonds. The additional amount may include interest and a reasonable required reserve fund.~~

~~(3) Authorized costs of the facilities, including land acquisition, preliminary plans, working drawings, and construction shall not exceed forty five million dollars (\$45,000,000) for the suburban facility.~~

~~(4) Notwithstanding Section 13332.11, the State Public Works Board may authorize the augmentation of the amount authorized pursuant to this subdivision by up to 10 percent of the amount specifically authorized.~~

~~(e) Notwithstanding Section 13340, funds derived from the interim and permanent financing or refinancing of the facilities specified in this section are hereby continuously appropriated without regard to fiscal years for these purposes.~~

~~(d) The net present value of the cost to acquire and operate the facilities authorized in subdivision (a) may not exceed the net present value of the cost to lease and operate an equivalent amount of office space, including the present facilities, over the same time period. The Department of General Services, in performing this analysis, shall obtain interest rates, discount rates, and the consumer price index figures from the Treasurer.~~

~~(e) The director shall not enter into any agreement to acquire facilities, as specified in subdivision (a), any sooner than 45 days after notification, including the information specified in subdivision (d), to the Chairperson of the Joint Legislative Budget Committee. It is the intent of the Legislature that the Joint~~



1 ~~Legislative Budget Committee hold a hearing on the pending~~  
2 ~~agreement.~~

3 ~~SEC. 3. Section 14669.16 of the Government Code is~~  
4 ~~amended to read:~~

5 ~~14669.16. (a) Notwithstanding any other provision of law,~~  
6 ~~the Director of General Services may develop approximately~~  
7 ~~241,000 net usable square feet of new state-owned office space in~~  
8 ~~the City of San Diego bounded by Ash, Union, "A," State, and~~  
9 ~~Front Streets. This development shall include, but not be limited~~  
10 ~~to, the financing, planning, acquisition, construction,~~  
11 ~~deconstruction, equipping, and furnishing of new state office~~  
12 ~~buildings and associated child care and parking facilities, and any~~  
13 ~~betterments, improvements, and facilities related to the~~  
14 ~~development. The development shall comply with the state's~~  
15 ~~policies related to sustainability and architectural excellence in~~  
16 ~~public buildings.~~

17 ~~(b) (1) The State Public Works Board may issue revenue~~  
18 ~~bonds, negotiable notes, or negotiable bond anticipation notes~~  
19 ~~pursuant to the State Building Construction Act of 1955 (Part 10b~~  
20 ~~(commencing with Section 15800)) to finance the acquisition,~~  
21 ~~design, and construction of the facilities authorized in subdivision~~  
22 ~~(a). The board may borrow funds for project costs from the Pooled~~  
23 ~~Money Investment Account pursuant to Sections 16312 and 16313~~  
24 ~~or any other lawfully available source including, but not limited~~  
25 ~~to, the General Fund. In the event the bonds authorized for the~~  
26 ~~project are not sold, the Department of General Services shall~~  
27 ~~commit a sufficient amount of its support budget to repay any~~  
28 ~~outstanding loans. It is the intent of the Legislature that this~~  
29 ~~commitment be included in future Budget Acts until outstanding~~  
30 ~~loans are repaid either through the sale of bonds or from an~~  
31 ~~appropriation.~~

32 ~~(2) The amount of revenue bonds, negotiable notes, or~~  
33 ~~negotiable bond anticipation notes to be sold shall equal the cost~~  
34 ~~of acquisition, including land, construction, furnishings and~~  
35 ~~equipment, preliminary plans and working drawings, construction~~  
36 ~~management and supervision, and other costs relating to the design~~  
37 ~~and construction of the facilities, exercising any purchase option,~~  
38 ~~and any additional sums necessary to pay interim and permanent~~  
39 ~~financing costs and costs to issue these bonds. The additional~~  
40 ~~amount may include interest and the establishment of a reasonable~~



1 construction reserve fund to ensure that the funds are available in  
2 the event future augmentations are needed to complete the  
3 facilities authorized in subdivision (a). In the event these  
4 construction funds are not needed to complete the construction,  
5 they shall be used to repay the future debt payments.

6 (3) Authorized costs of the facilities, including land  
7 acquisition, preliminary plans, working drawings, and  
8 construction shall not exceed 96 million dollars (\$96,000,000).

9 (c) In connection with the development or any agreement for  
10 any work or expenses in connection with the development, the  
11 Director of General Services may use any funds lawfully available  
12 to him or her in order to complete the development.

13 (d) It is in the best interest of the people of the state to  
14 consolidate state offices in the City of San Diego. If the director  
15 selects design-build as the method of delivery, the department  
16 shall use the method of design-build authorized by clause (i) of  
17 subparagraph (A) of paragraph (3) of subdivision (d) of Section  
18 14661.

19 (e) The director may form a voluntary advisory committee  
20 composed of representatives designated by the City of San Diego  
21 and any other individuals designated by the director. The design  
22 advisory committee's functions shall be defined by the director, be  
23 in the best interest of the state, comply with all applicable laws.

24 (f) The department is authorized and directed to execute and  
25 deliver any and all leases, contracts, agreements, or other  
26 documents necessary or advisable to consummate the sale of bonds  
27 or otherwise effectuate the financing of the project described in  
28 subdivision (a).

29 SEC. 4. Section 14957 of the Government Code is amended  
30 to read:

31 14957. (a) The Division of Architecture Revolving Fund in  
32 the State Treasury is continued in existence and is retitled the  
33 Architecture Revolving Fund, and notwithstanding Section  
34 13340, is continuously appropriated, without regard to fiscal  
35 years. With the approval of the Department of Finance, and except  
36 as otherwise specified in this section, there shall be transferred to,  
37 or deposited in, the fund all money appropriated, contributed, or  
38 made available from any source, including sources other than state  
39 appropriations, for expenditure on work within the powers and  
40 duties of the Department of General Services with respect to the

~~1 construction, alteration, repair, and improvement of state  
2 buildings, including, but not limited to, services, new  
3 construction, major construction and equipment, minor  
4 construction, maintenance, improvements, and equipment, and  
5 other building and improvement projects, as authorized by the  
6 state agency for which an appropriation is made or, as to funds  
7 from sources other than state appropriations, as may be authorized  
8 by written agreement between the contributor or contributors of  
9 funds and the Department of General Services, when approved by  
10 the Department of Finance.~~

~~11 (b) Money from state sources transferred to, or deposited in, the  
12 fund for major construction shall be limited to the amount  
13 necessary based on receipt of competitive bids. Money transferred  
14 for this purpose shall be upon approval of the Department of  
15 Finance. Any amount available, in the state appropriation, which  
16 is in excess of the amount necessary based on receipt of  
17 competitive bids, shall be immediately transferred to the credit of  
18 the fund from which the appropriation was made.~~

~~19 (c) Money in the fund also may be used, upon approval of the  
20 Department of Finance, to finance the cost of any construction  
21 projects within the powers and duties of the Department of General  
22 Services for which the federal government will contribute a partial  
23 cost thereof; provided, written evidence has been received from a  
24 federal agency that money has been appropriated by Congress and  
25 the federal government will pay to the state the amount specified  
26 upon the completion of construction of the project. The Director  
27 of General Services may approve plans, specifications and  
28 estimates of cost, and advertise for and receive bids on projects in  
29 anticipation of the receipt of written evidence from a federal  
30 agency.~~

~~31 (d) Money so transferred or deposited is available for  
32 expenditure by the Department of General Services for the  
33 purposes for which appropriated, contributed, or made available,  
34 without regard to fiscal years.~~

~~35 SEC. 5. This act is an urgency statute necessary for the  
36 immediate preservation of the public peace, health, or safety  
37 within the meaning of Article IV of the Constitution and shall go  
38 into immediate effect. The facts constituting the necessity are:~~

~~39 In order that the authority of the Department of General  
40 Services and the director of that department with respect to~~

1 ~~specified state facilities, state offices, and parking facilities may be~~  
2 ~~changed to facilitate the development of these state public work~~  
3 ~~projects, and the Architecture Revolving Fund may be amended,~~  
4 ~~as soon as possible, it is necessary that this act take effect~~  
5 ~~immediately.~~

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